

# SENATE BILL REPORT

## SB 5548

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As of April 3, 2013

**Title:** An act relating to limiting differential tuition.

**Brief Description:** Limiting differential tuition.

**Sponsors:** Senators Ranker, Nelson, Billig, Hasegawa, Keiser, Schlicher, Kline, Kohl-Welles, Shin and Rolfes.

**Brief History:**

**Committee Activity:** Higher Education: 2/19/13.

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Staff:** Kimberly Cushing (786-7421)

**Background:** Beginning in the 2002-03 academic year, the public four-year institutions of higher education were given the authority via a budget proviso to set tuition for nonresident undergraduate students. In 2003, the Legislature enacted ESSB 5448, formally placing this authority in statute and giving the schools additional authority to charge nonresident undergraduate students differential tuition rates for all or portions of an institution's programs, campuses, or courses.

In 2011, the Legislature enacted E2SHB 1795, the Higher Education Opportunity Act, which provided four-year institutions the authority to set tuition rates for resident undergraduate students through the 2014-15 academic year. This legislation expanded the authority of universities to charge differential tuition rates to resident undergraduate students. The State Board for Community and Technical Colleges (SBCTC) was also given the authority to pilot or institutes differential tuition models.

As a result of concerns raised over the potential impact to the solvency of the Washington Advanced College Tuition Payment Program, known as the Guaranteed Education Tuition (GET) Program, the Legislature temporarily suspended the authority to charge resident undergraduate students differential tuition rates in the 2012 supplemental operating budget. This suspension is in effect for the remainder of the current biennium and will expire on June 30, 2013.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The GET program is Washington's 529 prepaid college tuition plan, established in 1997. The GET program allows purchasers to pre-pay for tuition units that will be used at a later date. The State guarantees that 100 GET units will cover one year of resident undergraduate tuition and state-mandated fees at the most expensive Washington public university. The Student Achievement Council currently administers the GET program, while the State Investment Board oversees its investments.

**Summary of Bill:** The authority for SBCTC to pilot or institute differential tuition models for resident, undergraduate programs is removed.

The authority for public baccalaureate institutions to set differential tuition rates for resident, undergraduate programs is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Students support the repeal of differential tuition, which would negatively impact the GET program. There is a deficiency in high-demand jobs and differential tuition would be a barrier to getting students into these jobs. Students change majors four to five times and differential tuition would make it more difficult to do so because the price might deter changes.

CON: The bill unnecessarily fully eliminates differential tuition. While we have no intent to implement differential tuition, this is not sustainable going forward without state appropriations. Differential tuition is one tool to fully meet the needs of industry and support high-demand programs. We can support a multi-year suspension in order to have clear-headed discussion about differential tuition. We do not intend to create unfunded liability in the GET program. However, this year the University of Washington (UW) had 450 applicants to computer science that were well qualified but denied entrance due to space. Our concern is that by taking differential tuition off the table, we are missing a conversation about expansion in high-demand areas.

OTHER: A 2009 tuition study by the former Higher Education Coordinating Board recommended expanded flexibility through differential tuition rates. The tool is finally in law. While differential tuition bumped up against the GET program, in the long run it is bad policy to repeal it. The scope of differential tuition is much broader than just for STEM degrees. To provide the programming that employers want and students demand might require differential tuition. The top concern for students is excellence of education. Recently, it has been a challenge to balance affordability, excellence, and more degrees. Differential tuition could be very important to get to a cohort-charging model that provides predictability and sustainability. Add two more years of suspension, but do not eliminate it yet.

**Persons Testifying:** PRO: Angie Weiss, Associated Students of UW, WA Student Assn. (WSA); Tristan Hanon, Associated Students of WA State University (WSU), WSA.

CON: Chris Mulick, WSU; Margaret Shepherd, UW.

OTHER: Ann Anderson, Central WA University; Sherry Burkey, Western WA University; Jim Fridley, UW Faculty.